

Message Text

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ACTION AGR-08

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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R 102021Z JAN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7246

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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PASS USDA

E. O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: SOYBEANS

REF: BRASILIA 9590

1. PRESTIGIOUS GAZETA MERCANTIL (REF) IN FRONT PAGE ARTICLE JANUARY 9, REPEATS CHARGE THAT USA SEEKS TO INFLUENCE SHORT AND LONG TERM WORLD MARKET PRICES OF SOYBEANS AND WANTS TO CORNER MOST SUBSTANTIAL BUYERS.

2. THIS TIME, GAZETA MENTIONS RECENT ANNOUNCEMENT BY DEPUTY ASSISTANT SECRETARY RICHARD BELL (USDA) WHO QUOTE SPECIFICALLY POINTED OUT THE RISKS OF BRAZILIAN COMPETITION AND HOW TO COMBAT SAME. THE FAST INCREASE IN BRAZILIAN SOYA PRODUCTION COULD CAUSE THE LOSS OF CONFIDENCE OF FOREIGN BUYERS IN US CAPABILITY TO SATISFY THEIR PRESENT AND FUTURE DEMAND UNQUOTE. THE EDITORIAL WRITER ADDS AS HIS COMMENT THAT BELL SINGLED BRAZIL OUT AS A DANGEROUS COMPETITOR.

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THE USA IS FURTHER ACCUSED OF TRYING TO QUOTE SECURE ITS HEGEMONY

UNQUOTE BASED ON BELL'S REMARK REGARDING POSSIBLE FUTURE SALES TO RUSSIA AND US PRICE CONSIDERATION IN CONNECTION WITH SUCH MASSIVE PURCHASES.

3. THE ARTICLE INTERESTINGLY ALSO POINTS OUT THAT QUOTE THE GOB WILL NOT BE TAKEN BY SURPRISE UNQUOTE, MENTIONING THE FACT THAT THE SEMI-OFFICIAL TRADING ENTITY COBEC (COMPANHIA BRASILEIRA DE ENTRE-POSTOS E COMERCIO) HAVING ANTICIPATED A POSSIBLE FUTURE DECLINE IN SOYA PRICES IN WORLD MARKETS, HAD LONG AGO PROTECTED BRAZILIAN INTEREST BY HAVING ENGAGED IN FUTURE MARKET TRANSACTIONS ON THE BOARD OF TRADE FLOOR IN CHICAGO ON THE BASIS OF THE HIGH QUOTATIONS IN THE SECOND QUARTER 1974.

COMMENT: LATTER INFORMATION INTERESTING FOR FOLLOWING REASON:
IN OCTOBER 1974, A ONE WEEK SEMINAR ORGANIZED
BY THE STOCK EXCHANGE OF RIO DE JANEIRO BROUGHT TOGETHER
LEADING COMMODITY BROKERS/TRADERS/BANKERS AND FUTURES MARKET OFFICIALS

FROM CHICAGO, NEW YORK AND LONDON. IN SEMINAR IT WAS POINTED OUT THAT BRAZIL WOULD BENEFIT (PROVIDED IT WOULD CREATE THE CONDITIONS FOR EFFECTIVE FUTURE TRADING) FROM FUTURES-TRADING AS A MEANS TO STABILIZE PRICES AND ALSO TO MITIGATE RISKS THAT OVERSEAS BUYERS EXPLOIT ALTERNATING HARVEST TIMES IN NORTHERN AND SOUTHER HEMISPHERES.

4. WE HOPE OUR EARLIER EXPRESSION OF CONCERN (REF, PARA 6) AND BRAZIL'S APPARENT SENSITIVITY ON MATTER WILL BE HEEDDED. USDA MIGHT WANT TO CONSIDER HELPING MITIGATE BRAZIL'S CONCERN ABOUT OUR INTENTIONS IN THE WORLD SOY MARKET.

5. OBSERVATION FOR USDA: IN VIEW OF PLANS BY ASA EXECUTIVE BOARD TO VISIT BRAZIL IN MARCH TO DISCUSS POSSIBILITY OF BRAZIL FOLLOWING OUR CHECK OFF SYSTEM, IT MIGHT BE USEFUL TO HAVE THE SKY CLEARED BEFORE SUCH VISIT IS UNDERTAKEN.
JOHNSON

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